

2017/18

# Draft Budget Document



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## Glossary

**Adjustments Budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**AFS** – Annual Financial Statements.

**Budget** – The financial plan of the Laingsburg Municipality.

**Budget Related Policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**CFO** – Chief Financial Officer of Laingsburg Municipality

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**KPI's** – Key Performance Indicators. Measures of service output and/or outcome.

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets** – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

**R&M** – Repairs and maintenance on property, plant and equipment.

**SCM** – Supply Chain Management.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorized expenditure** – Generally, spending without, or in excess of, an approved budget.

**Virement** – A transfer of budget.

**Virement Policy** – The policy that sets out the rules for budget transfers.

**Vote** – One of the main segments into which a budget. In Laingsburg Municipality this means at directorate level. The votes for Laingsburg therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

## Part 1 – Annual Budget

### Section 1 – Mayor's Report

Dit is vanoggend vir my 'n eer om aan u die konsep begroting vir die komende finansiële jaar voor te lê. Dit is die eerste jaar van ons ampstermyn sedert die verkiesing in Augustus 2016. Dit is 'n tydperk om te besin oor die uitdagings wat voorlê en hoe ons in terme van ons begrotings prioriteite daarmee sal moet handel.

Die omsendskrywes 88 en 86 van die Nasionale Tesourie het verskeie riglyne vir die 2017/2018 begroting aan Plaaslike Owerhede deurgegee. Daar word onder andere na die huidige ekonomiese toestand in ons land verwys. Die 2016 Mediumtermyn Begroting Beleidsverklaring wys daarop dat die globale ekonomiese vooruitsigte swakker as wat verwag presteer het. Groei in ontwikkelende ekonomieë het gemodereer in reaksie om kommoditeitspryse, gedempte binnelandse vraag en verminder kapitaalinvloei het verlaag. Groei in sommige ontwikkelde ekonomieë het hierdie verlangsaming verreken. Die Suid-Afrikaanse ekonomie sal na verwagting met 3,1 persent in 2016 groei en met 3,4 persent in 2017. Binnelandse inflasie is laer, hoofsaaklik as gevolg van dalende oliepryse. Die depresiasie van die rand en die huidige droogte knou baie dele van die land, wat 'n groot risiko inhou vir inflasie vooruitsigte. Die binnelandse BBP groeikoers vir 2016 was tydens die begroting van 2016 op 0.9 persent gestel maar het sedertdien verswak tot slegs 0.5 persent.

Daar word verwag dat faktore soos 'n meer betroubare elektrisiteitsvoorsiening, verbeter arbeidsverhoudinge, 'n laer inflasiekoers, 'n herstel in sake- en verbruikersvertroue, die stabilisering van kommoditeitspryse en sterker globale groei sal bydrae dat groei kan verhoog tot 2.2 persent teen 2019. Verder ervaar die land 'n afname in mynbou groei en verswakte landbou uitsette as gevolg van die droogte, terwyl groei in vervoer en telekommunikasie, elektrisiteit, gas en water ook afgeneem het as gevolg van 'n verswakte vraag.

Hoë werkloosheid is steeds een van die mees dringende uitdagings in Suid-Afrika. Moeilike handel toestande en lae sakevertroue vlakke het beperkings geplaas in 2016. Die formele sektor het 112 000 werkgeleenthede verloor in die twaalf maande tot Junie 2016. Die skerp dalings in die vervaardiging en konstruksie bedrywe, sowel as die maatskaplike en persoonlike dienste. Werkloosheid het in die periode toegeneem van 25 persent tot 26.6 persent. Hierdie ekonomiese uitdagings sal voortgaan om druk op munisipale inkomste generering en insameling van betalings plaas. Die Tesourie beveel dus 'n konserwatiewe benadering aan vir die projektering van munisipale inkomste. Hierdie omstandighede maak dit noodsaaklik vir munisipaliteite om uitgawes te herprioritiseer en streng koste beheer maatreëls te implementeer.

Nasionale Tesourie gaan voort om munisipaliteite aan te moedig om stygings in tariewe en ander koste op vlakke wat 'n gepaste balans tussen die belange van die armes, gewone huishoudings, ander kliënte

te bring en steeds te versekering dat die finansiële volhoubaarheid van die munisipaliteit gehandhaaf word.

Dit is dus noodsaaklik vir munisipaliteite om te verseker dat hul tariewe ten minste voldoende is om, die koste van grootmaat dienste te dek en ook om te verseker dat alle eiendomme korrek aangeslaan word vir eiendomsbelasting en alle dienste gelewer.

Gedurende die begrotings periode en die aanloop tot die munisipale verkiesings van 2016 was munisipaliteite aangemoedig om te streef en te verseker dat finansiële volhoubaarheid gehandhaaf word. Nou, meer as ooit tevore, is dit uiters belangrik vir 'n goeie munisipale besluitneming sodat volhoubaarheid van munisipale finansies en dienslewering oor die langtermyn toegepas kan word.

Die huidige samestelling en leierskap van die munisipale rade is verantwoordelik vir die samestelling van die 2017/18 medium termyn inkomste en uitgawes (MTEF) begroting. Rade word aangeraai om uitgawes te prioritiseer in lyn met die beleid soos beskryf in die geïntegreerde ontwikkelingsplanne (GOP). Infrastruktuur voorsiening vir water, sanitasie, paaie en elektrisiteit bly sleutel prioriteite.

Mnr die Speaker, laat my nou van hierdie geleentheid gebruik maak om ons konsep begroting vir die 2017/2018 boekjaar voor te lê. Dit gee my groot plesier om die Mediumtermyn Inkomste en Uitgawe Raamwerk vir die tydperk 2017/2018 tot 2019/2020 voor te lê.

In die terme van die begroting oorsig, is die 2017/18 gekonsolideerde begroting van R96,545milj ontwikkel met die algehele beplannings raamwerk en sluit programme en projekte in om die munisipaliteit se strategiese doelwitte te bereik.

Wanneer daar na die bedryfsbegroting verwys word kan ons eerstens na die bedryfsuitgawe begroting kyk wat die voortgesette lewering van dienste befonds wat deur die Munisipaliteit voorsien word. Die bedryfsbegroting het gedaal van R97,123 milj in 2016/17 tot R87,430 milj in 2017/18. Hierdie bedrag sal verhoog word tot R92,267 milj in 2018/19 en R98,257 milj in 2019/20 onderskeidelik. Die afname in die bedryfsuitgawes begroting vir die nuwe boekjaar word hoofsaaklik veroorsaak deur bedryfsprojekte wat uit subsidies finansier was.

Die kapitaalbesteding oor die volgende drie finansiële jare, 2017/18 tot 2019/20 word soos volg geprojekteer - In 2017/18 jaar: R9,115 milj en in 2018/19 jaar R10,782 milj en in die 2018/2019 finansiële jaar R13,856 milj. Die bedrag wat uit staatsubsidies beloop sal ongeveer 92% van die totale kapitaalbesteding beloop.

Met die opstel van die tariefverhogings het ons kennis geneem van ekonomiese toestande, insetkoste en die bekostigbaarheid van dienste om die finansiële volhoubaarheid van die dorp te verseker. Die bedryfsrekening word ondersteun deur meer as 24% bedryf subsidies van die nasionale en provinsiale regerings. Inkomste uit belasting en dienstegelde is verantwoordelik vir 'n verdere 28% van die totale inkomste. Die bruto verdienste uit verkeersboetes is tans 43% van die totale inkomste. Die balanse van die bedryfsinkomste word uit diverse bedrae opgemaak.

Alle pogings is aangewend om te verseker dat die kwaliteit dienste gelewer word aan die gemeenskap op 'n bekostigbare prys. Die belangrikste tariefverhogings vir die 2017/18 finansiële jaar is soos volg:

Eiendomsbelasting:	6.6%
Water:	6.6%
Vullis:	6.7%
Riool:	6.6%
Elektrisiteit:	2.3%

Ek wil nou die Hoof Finansiële Beamppte vra om die begroting en tariewe met die Raad deur te werk sodat ons u almal se insette daarop kan verkry en wysiging ingewerk kan word in die finale begrotings dokument.

## Section 2 - Council Resolutions

The Council approved and adopted the following resolutions:

1. The Council of Laingsburg Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
    - 1.2.2. Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8;
    - 1.2.4. Asset management as contained in Section 4 of the annual budget report Table A9; and
    - 1.2.5. Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.



2. The Council of Laingsburg Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with affect from 1 July 2017 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A.

## Section 3 - Executive Summary

### 3.1 Legal Compliance

The budget process followed and this document is in line with the following:

- MFMA Circulars
- Municipal Finance Management Act
- Dummy Budget
- Latest A1 schedules version 6.1

### 3.2 Budget Overview

The application of sound financial management principles for the compilation of the Municipality's financial plan it is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circulars 85 and 86 were used to guide the compilation of the 2017/2018 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulty of the national and local economy
- Limited funds to contribute to capital budget
- Old infrastructure putting pressure on the operating budget.
- Poor community and the limited revenue base
- Expenditure increasing with more than CPI-X while tariff increases are limited.

The following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview**

<b>Description R</b>	<b>Adjusted Budget</b>	<b>Budget 2017/2018</b>	<b>Budget +1 2018/2019</b>	<b>Budget +2 2019/2020</b>
Total Operating Revenue	99 512 424	90 560 100	95 590 900	101 776 700
Total Operating Expenditure	92 325 865	85 527 500	92 628 800	99 701 800
Surplus/(Deficit) for the year	<b>-7 186 559</b>	<b>-5 032 600</b>	<b>-2 962 100</b>	<b>-2 074 900</b>
Total Capital Expenditure	11 723 940	9 448 000	11 120 000	14 199 000

The total operating revenue has decreased by 7.4% to R85.527 million in the 2017/18 financial year when compared to the 2016/17 Adjustment Budget.

Total operating expenditure for the 2017/18 financial year has been appropriated at R90.56 million, resulting in an operating budgeted deficit of R5.033 million. This amount however includes non-cash items.

The capital budget of R 9.448 million for 2017/18 is 19.4% less when compared to the 2016/17 Adjustment Budget. The capital budget will be funded from Conditional Grants as well as the Capital Replacement Fund. The Capital Replacement Funds will contribute R0.794 million of the capital expenditure and no borrowings will be taken up.

### 3.3 Operating Revenue Framework

For Laingsburg to improve the quality of services to its community, it needs to generate the required revenue to fund the cost of delivering the services as anticipated. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures, such as employee cost against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 2 - Summary of revenue classified by main revenue source**

WC051 Laingsburg - Table A4 Budgeted Financial Performance (revenue and expenditure)

WC031 Laingburg - Table A4 Budgeted Financial Performance (Revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	2 615	2 794	2 934	3 870	3 281	3 281	–	3 764	3 997	4 233
Service charges - electricity revenue	2	9 049	9 315	10 901	11 163	11 204	11 204	–	11 918	12 657	13 404
Service charges - water revenue	2	673	1 850	1 689	2 181	1 785	1 785	–	2 302	2 445	2 589
Service charges - sanitation revenue	2	1 750	1 364	1 372	1 661	1 661	1 661	–	1 374	1 459	1 546
Service charges - refuse revenue	2	1 644	1 319	1 249	1 489	1 490	1 490	–	1 265	1 344	1 423
Service charges - other		118	80	113	73	52	52		112	119	126
Rental of facilities and equipment		1 121	1 275	1 108	812	1 078	1 078		718	762	807
Interest earned - external investments		557	856	1 270	906	833	833		818	869	921
Interest earned - outstanding debtors		236	245	159	213	10	10		40	42	45
Dividends received		–	–	–	–	–	–		–	–	–
Fines, penalties and forfeits		17 294	28 678	20 157	36 871	36 043	36 043		32 169	34 163	36 179
Licences and permits		887	1 115	1 145	273	298	298		1 082	1 149	1 217
Agency services		120	84	142	107	107	107		123	131	138
Transfers and subsidies		16 628	19 794	18 084	18 429	20 806	20 806		17 853	19 192	19 468
Other revenue	2	536	769	706	647	609	609	–	204	217	230
Gains on disposal of PPE		–	–	–	–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)		53 228	69 538	61 030	78 695	79 257	79 257	–	73 744	78 548	82 326

Revenue generated from rates and services charges do not form a significant percentage of the revenue basket of the Municipality. Rates and service charge revenues comprise only 29% of the total revenue mix which is significantly lower when compared to other municipalities.

Fines is the largest contributor of the operating revenue budget amounting to 44% which is not a very healthy ratio. Furthermore the largest portion is not actual revenue, but debt impairment. Laingsburg is located on the N1 of which two fixed average speeding cameras are situated which contribute to the significant projected amount.

Operating grants and transfers represent R17.85 million in the 2017/18 financial year which contributes to 24% of the total revenue. This amount and the amounts for the outer years are minimum guaranteed transfers from National Government as gazette in the latest DoRB and the Provincial Gazette. The aforementioned amount has a direct link to expenditure on operational grants, and is only recognized as revenue when the conditions of the transfers made has been met. It might differ from the grants received.

The following table gives a breakdown of the various capital grants and subsidies allocated to the municipality over the medium term as proclaimed in the government gazette:

**Table 3 Operating Transfers and Grant Receipts**

WC051 Laingsburg - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		14 586	15 543	14 181	17 203	17 483	17 483	16 407	17 531	17 723
Local Government Equitable Share		10 224	10 908	11 481	14 478	14 478	14 478	13 576	14 971	15 923
Municipal Systems Improvement		839	934	-	-	-	-	-	760	-
Finance Management		1 500	1 700	1 700	1 725	2 005	2 005	1 800	1 800	1 800
EPWP Incentive		1 000	1 147	1 000	1 000	1 000	1 000	1 031	-	-
GRANT KICK-ABOUT		1 023	854	-	-	-	-	-	-	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
MIG - PMU		-	-	-	-	-	-	-	-	-
Provincial Government:		2 017	4 250	3 903	1 226	3 323	3 323	1 446	1 661	1 745
GRANT - WC FIN MANGMNT CAPACITY BU		-	-	-	-	-	-	-	-	-
WCFMSG		192	875	-	120	1 167	1 167	240	360	480
FIN ASSISTNC for MAINTENANCE and CONSTR		-	-	-	-	-	-	-	-	-
GRANT - COMMUNITY WORK (LOCAL GOV)		78	-	72	75	75	75	93	93	93
GRANT - SETA TRAINING		25	39	32	-	-	-	-	-	-
GRANT - MFIP		63	896	-	-	-	-	-	-	-
GRANT - LIBRARY SERVICES ( REPLCMNT FU		-	-	-	-	-	-	-	-	-
Grant - Thusong Services Centres (Sustainab		-	-	-	-	-	-	-	-	-
GRANT - DEPT CULTURE & SPORT UNC		-	328	-	-	-	-	-	-	-
GRANT - DEPT CULTURE & SPORT CON		663	579	962	981	981	981	1 063	1 108	1 172
GRANT - DROUGHT SUPPORT GRANT		-	-	-	-	500	500	-	-	-
GRANT - ELECTRICAL MASTER PLAN		-	-	-	-	250	250	-	-	-
GRANT - EPWP - ADMIN		-	51	-	-	-	-	-	-	-
GRANT - FLOOD DAMAGES		-	1 396	270	-	-	-	-	-	-
GRANT - FLOOD DAMAGES CARRY OVER		-	6	-	-	-	-	-	-	-
GRANT - INTERNAL AUDIT		150	-	305	-	-	-	-	-	-
GRANT - MAIN ROADS		17	10	30	50	50	50	50	-	-
GRANT - MSG (PROVINCIAL)		250	-	930	-	300	300	-	-	-
GRANT - ORGANISATIONAL DEVELOPMENT		500	-	-	-	-	-	-	-	-
GRANT - PUBLIC WORKS (TAXI RANK)		80	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	70	1 302	-	-	-	-	100	-
District Municipality:		25	-	-	-	-	-	-	-	-
GRANT - DISTRICT MUN		25	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	16 628	19 794	18 084	18 429	20 806	20 806	17 853	19 192	19 468
<b>Capital Transfers and Grants</b>										
National Government:		-	2 536	3 000	7 999	8 429	8 429	8 321	10 419	13 513
Municipal Infrastructure Grant (MIG)		-	-	-	6 000	6 430	6 430	6 654	6 757	6 856
GRANT - INEP ELEC MATJIES		-	-	-	-	-	-	-	-	-
GRANT - INEP ELEC		-	2 536	3 000	1 999	1 999	1 999	2 000	4 000	7 000
MIG - PMU ADMIN		-	-	-	-	-	-	(333)	(338)	(343)
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		12 163	17 165	25 853	160	660	660	-	-	-
GRANT - HUMAN SETTLEMENTS		12 163	17 165	25 853	160	660	660	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
GRANT - DISTRICT MUN		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	12 163	19 701	28 853	8 159	9 089	9 089	8 321	10 419	13 513
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		28 791	39 494	46 937	26 589	29 895	29 895	26 174	29 611	32 981

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the upper limit (ceiling) of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases in Eskom bulk tariffs are within the mentioned inflation target. During the current financial year Eskom migrated the Municipality to a new more advantageous tariff scale. The benefits of this tariff scale will only be determined during the year.

The municipality will review its tariff structures in the future and advise a way forward to council to ensure that services yields surpluses which will improve the sustainability of the municipality.

For the 2017/18 financial year, the proposed tariffs are as follows:

The proposed tariff increases are set at:

- Property rates - 6.6 %
- Electricity - As per the NERSA approved tariff
- Water (units) - 6.6%
- Refuse Removal - 6.7%
- Sewerage - 6.6 %

### **Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on income range middle and affordable households, as well as an indigent household receiving free basic services.

**Table 4– Household bills**

WC051 Laingsburg - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
WC051 Laingsburg - Supporting Table SA14 Household bills											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		409.50	442.26	460.83	501.67	501.67	501.67	6.6%	466.67	612.50	647.50
Electricity: Basic levy		268.25	303.10	320.17	352.57	352.57	352.57	2.4%	361.00	383.40	406.00
Electricity: Consumption		958.00	1 082.44	1 143.40	1 377.80	1 377.80	1 377.80	2.3%	1 409.50	1 497.00	1 585.00
Water: Basic levy		65.95	73.86	82.70	100.10	100.10	100.10	6.9%	107.02	113.70	120.40
Water: Consumption		48.00	52.32	68.40	101.10	101.10	101.10	6.5%	107.70	114.00	120.00
Sanitation		80.00	86.40	93.30	108.90	108.90	108.90	6.5%	115.79	123.00	130.30
Refuse removal		60.00	64.80	70.00	83.00	83.00	83.00	6.5%	88.60	94.10	99.70
Other		–	–	–	–	–	–	–	–	–	–
sub-total		1 889.70	2 105.18	2 238.80	2 625.14	2 625.14	2 625.14	1.2%	2 656.28	2 937.70	3 108.90
VAT on Services		207.23	232.81	248.92	297.29	297.29	297.29	4.0%	306.55	325.53	344.60
Total large household bill:		2 096.93	2 337.99	2 487.72	2 922.43	2 922.43	2 922.43	1.4%	2 962.83	3 263.23	3 453.50
% increase/-decrease			11.5%	6.4%	17.5%	–	–		1.4%	10.1%	5.8%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		292.50	315.90	329.17	358.33	358.33	358.33	6.6%	333.33	437.50	462.50
Electricity: Basic levy		136.90	154.68	168.62	129.88	129.88	129.88	2.4%	203.64	220.90	233.90
Electricity: Consumption		479.00	541.22	571.70	688.90	688.90	688.90	2.3%	704.75	748.50	792.50
Water: Basic levy		65.95	73.86	82.70	100.10	100.10	100.10	6.9%	107.02	113.70	120.40
Water: Consumption		36.00	39.24	54.15	84.25	84.25	84.25	6.5%	89.75	95.00	100.00
Sanitation		80.00	86.40	93.30	108.90	108.90	108.90	6.5%	115.79	123.00	130.30
Refuse removal		60.00	64.80	70.00	83.00	83.00	83.00	6.5%	88.60	94.10	99.70
Other		–	–	–	–	–	–	–	–	–	–
sub-total		1 150.35	1 276.11	1 369.64	1 553.36	1 553.36	1 553.36	5.8%	1 642.88	1 832.70	1 939.30
VAT on Services		120.10	134.43	145.67	167.30	167.30	167.30	4.0%	183.34	195.33	206.75
Total small household bill:		1 270.45	1 410.54	1 515.31	1 720.66	1 720.66	1 720.66	6.1%	1 826.22	2 028.03	2 146.05
% increase/-decrease			11.0%	7.4%	13.6%	–	–		6.1%	11.1%	5.8%
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
Rates and services charges:											
Property rates		175.50	189.54	197.50	215.00	215.00	215.00	6.6%	200.00	262.50	277.50
Electricity: Basic levy		–	–	–	–	–	–	2.4%	–	–	–
Electricity: Consumption		367.50	415.24	375.97	501.67	501.67	501.67	2.3%	501.67	544.95	577.15
Water: Basic levy		65.95	73.86	82.70	100.10	100.10	100.10	6.9%	107.02	113.70	120.40
Water: Consumption		24.00	26.16	39.90	67.40	67.40	67.40	6.5%	71.80	76.00	80.00
Sanitation		80.00	86.40	93.30	108.90	108.90	108.90	6.5%	115.79	123.00	130.30
Refuse removal		60.00	64.80	70.00	83.00	83.00	83.00	6.5%	88.60	94.10	99.70
Other		–	–	–	–	–	–	–	–	–	–
sub-total		772.95	856.00	859.37	1 076.07	1 076.07	1 076.07	0.8%	1 084.88	1 214.25	1 285.05
VAT on Services		83.64	93.30	92.66	120.55	120.55	120.55	4.0%	123.88	133.25	141.06
Total small household bill:		856.59	949.30	952.03	1 196.62	1 196.62	1 196.62	1.0%	1 208.76	1 347.50	1 426.11
% increase/-decrease			10.8%	0.3%	25.7%	–	–		1.0%	11.5%	5.8%

### 3.4 Operating Expenditure Framework

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 5 - Summary of operating expenditure by standard classification item**

WC051 Laingsburg - Table A4 Budgeted Financial Performance (revenue and expenditure)

Woolf Laingsburg - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>											
Employee related costs	2	9 481	10 181	12 930	17 096	17 568	17 568	–	20 664	22 152	23 680
Remuneration of councillors		2 079	2 201	2 297	2 453	2 453	2 453	–	2 619	2 807	3 001
Debt impairment	3	218	12 325	19 976	21 682	21 682	21 682	–	25 424	27 253	29 131
Depreciation & asset impairment	2	7 939	7 799	7 743	9 669	9 679	9 679	–	8 904	9 456	10 014
Finance charges		392	473	231	–	–	–	–	–	–	–
Bulk purchases	2	5 677	6 648	6 573	6 523	8 000	8 000	–	8 713	9 253	9 799
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		2 383	3 003	3 210	2 976	4 321	4 321	–	7 765	8 246	8 732
Transfers and grants		3 572	1 324	2 617	4 231	4 276	4 276	–	4 559	4 842	5 127
Other expenditure	4, 5	13 470	13 620	16 440	12 906	17 914	17 914	–	16 950	16 939	17 939
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		45 211	57 574	72 017	77 536	85 894	85 894	–	95 598	100 949	107 423

The budgeted allocation for employee related costs for the 2017/18 financial year totals to R22.885 million, which represents 26% of the total expenditure budget. Salaries and wages has been provided at an increment of 7.4% and a provision of an average increment of 10% will be provided for employee related costs: social contributions.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision for debt impairment was determined based on an annual collection rate of 97 % on rates and service charges. The large amount is mainly contributed to the impairment in fines.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R8.2 million for the 2017/18 financial year and represent 9% of the total operating expenditure.

Bulk purchases are directly influenced by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly impacting the revenue provisions. Bulk purchases represent 8% (R6.8 million) of operating expenditure for the 2016/17 financial year.



Other expenditure comprises of various line items relating to the daily operations of the municipality; as example the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on line items other than those linked to grant expenditure has been limited. Further details relating to other expenditure can be seen in Table SA1.

### **Repairs and maintenance**

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance are not considered a direct expenditure but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current the Municipality cannot report on the outcome of the different cost drivers combined to Repairs and maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class and reflects only purchase of materials and some contracted services.

**Table 6 - Repairs and maintenance per asset class**

WC051 Laingsburg - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		430	451	527	915	915	915	420	446	472
Roads Infrastructure		70	197	73	184	184	184	12	13	14
Roads		70	197	73	184	184	184	12	13	14
Storm water Infrastructure		9	–	–	13	13	13	–	–	–
Drainage Collection		9	–	–	13	13	13	–	–	–
Electrical Infrastructure		52	98	44	91	91	91	160	170	180
HV Transmission Conductors		52	98	44	91	91	91	160	170	180
Water Supply Infrastructure		283	139	110	264	264	264	76	80	85
Distribution		283	139	110	264	264	264	76	80	85
Sanitation Infrastructure		12	10	285	323	323	323	172	183	193
Reticulation		10	8	256	299	299	299	150	159	169
Waste Water Treatment Works		2	1	28	25	25	25	22	23	25
Solid Waste Infrastructure		5	8	16	40	40	40	–	–	–
Landfill Sites		5	8	16	40	40	40	–	–	–
Community Assets		3	68	6	17	17	17	8	9	10
Community Facilities		3	67	5	6	6	6	6	6	7
Libraries		3	67	5	6	6	6	6	6	7
Sport and Recreation Facilities		–	1	1	11	11	11	3	3	3
Indoor Facilities		–	1	1	6	6	6	3	3	3
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		2	146	36	37	37	37	17	18	19
Revenue Generating		2	146	36	37	37	37	17	18	19
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		2	146	36	37	37	37	17	18	19
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		414	472	513	1 023	1 023	1 023	568	603	639
Furniture and Office Equipment		414	472	513	1 023	1 023	1 023	568	603	639
Machinery and Equipment		230	246	615	723	723	723	403	428	453
Machinery and Equipment		230	246	615	723	723	723	403	428	453
Transport Assets		406	490	456	684	695	695	561	596	632
Transport Assets		406	490	456	684	695	695	561	596	632
Libraries		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	1	1 485	1 874	2 154	3 399	3 409	3 409	1 978	2 101	2 224
R&M as a % of PPE		1.0%	1.2%	1.4%	2.0%	2.0%	2.0%	0.0%	1.2%	1.3%
R&M as % Operating Expenditure		2.6%	2.6%	2.1%	3.6%	3.5%	3.5%	0.0%	2.4%	2.4%

The municipality's current Repairs and Maintenance is below the norm however the amount increases over the MTREF.

**Table 7 - Grant Expenditure**

The following table is the expenditure on the grant receipts as required by the MBRR. The bulk of this expenditure is under other expenditure of A4.

WC051 Laingsburg - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		14 586	15 543	14 181	17 203	17 483	17 483	16 407	17 531	17 723
Local Government Equitable Share		10 224	10 908	11 481	14 478	14 478	14 478	13 576	14 971	15 923
Municipal Systems Improvement		839	934	-	-	-	-	-	760	-
Finance Management		1 500	1 700	1 700	1 725	2 005	2 005	1 800	1 800	1 800
EPWP Incentive		1 000	1 147	1 000	1 000	1 000	1 000	1 031	-	-
GRANT KICK-ABOUT		1 023	854	-	-	-	-	-	-	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
MIG - PMU		-	-	-	-	-	-	-	-	-
Provincial Government:		2 017	4 250	3 903	1 226	3 323	3 323	1 446	1 661	1 745
GRANT - WC FIN MANGMNT CAPACITY BUILDING		-	-	-	-	-	-	-	-	-
WCFMSG		192	875	-	120	1 167	1 167	240	360	480
FIN ASSISTNC for MAINTENANCE and CONSTR		-	-	-	-	-	-	-	-	-
GRANT - COMMUNITY WORK (LOCAL GOV)		78	-	72	75	75	75	93	93	93
GRANT - SETA TRAINING		25	39	32	-	-	-	-	-	-
GRANT - MFIP		63	896	-	-	-	-	-	-	-
GRANT - LIBRARY SERVICES ( REPLCMNT FUN		-	-	-	-	-	-	-	-	-
Grant - Thusong Services Centres (Sustainability)		-	-	-	-	-	-	-	-	-
GRANT - DEPT CULTURE & SPORT UNC		-	328	-	-	-	-	-	-	-
GRANT - DEPT CULTURE & SPORT CON		663	579	962	981	981	981	1 063	1 108	1 172
GRANT - DROUGHT SUPPORT GRANT		-	-	-	-	500	500	-	-	-
GRANT - ELECTRICAL MASTER PLAN		-	-	-	-	250	250	-	-	-
GRANT - EPWP - ADMIN		-	51	-	-	-	-	-	-	-
GRANT - FLOOD DAMAGES		-	1 396	270	-	-	-	-	-	-
GRANT - FLOOD DAMAGES CARRY OVER		-	6	-	-	-	-	-	-	-
GRANT - INTERNAL AUDIT		150	-	305	-	-	-	-	-	-
GRANT - MAIN ROADS		17	10	30	50	50	50	50	-	-
GRANT - MSG (PROVINCIAL)		250	-	930	-	300	300	-	-	-
GRANT - ORGANISATIONAL DEVELOPMENT		500	-	-	-	-	-	-	-	-
GRANT - PUBLIC WORKS (TAXI RANK)		80	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	70	1 302	-	-	-	-	100	-
District Municipality:		25	-	-	-	-	-	-	-	-
GRANT - DISTRICT MUN		25	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		16 628	19 794	18 084	18 429	20 806	20 806	17 853	19 192	19 468
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		-	2 536	3 000	7 999	8 429	8 429	8 654	10 757	13 856
Municipal Infrastructure Grant (MIG)		-	-	-	6 000	6 430	6 430	6 654	6 757	6 856
GRANT - INEP ELEC MATJIES		-	-	-	-	-	-	-	-	-
GRANT - INEP ELEC		-	2 536	3 000	1 999	1 999	1 999	2 000	4 000	7 000
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		12 163	17 165	25 853	160	660	660	-	-	-
GRANT - HUMAN SETTELMENTS		12 163	17 165	25 853	160	660	660	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
GRANT - DISTRICT MUN		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		12 163	19 701	28 853	8 159	9 089	9 089	8 654	10 757	13 856
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		28 791	39 494	46 937	26 589	29 895	29 895	26 507	29 949	33 324

## Transfers and Grants made by the municipality

WC051 Laingsburg - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Transfers to Groups of Individuals											
<i>Cash transfers and grants</i>		552	515	31 437	628	628	628		854	907	960
Total Cash Transfers To Groups Of Individuals:		552	515	31 437	628	628	628	-	854	907	960
TOTAL CASH TRANSFERS AND GRANTS	6	552	515	31 437	628	628	628	-	854	907	960

## 3.5 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

**Table 8 - Capital budget per vote**

WC051 Laingsburg - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Single-year expenditure to be appropriated	2										
Vote 1 - MAYORAL & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER	225	347	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	15	352	137	543	543	543	543	543	44	13	13
Vote 4 - BUDGET & TREASURY	-	525	166	40	40	40	40	40	30	30	30
Vote 5 - PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV	-	35	-	1 580	1 583	1 583	1 583	1 583	280	80	80
Vote 7 - SPORTS AND RECREATION	1 848	1 173	381	429	538	538	538	538	140	-	-
Vote 8 - HOUSING	-	8 601	516	160	160	160	160	160	-	-	600
Vote 9 - PUBLIC SAFETY	-	-	637	-	-	-	-	-	50	-	-
Vote 10 - ROAD TRANSPORT	1 878	6 139	3 585	430	2 148	2 148	2 148	2 148	770	20	1 417
Vote 11 - WASTE MANAGEMENT	-	1 187	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT	5 948	1 006	1 022	3 150	150	150	150	150	160	150	150
Vote 13 - WATER	223	620	1 407	6 371	4 562	4 562	4 562	4 562	5 641	6 489	4 566
Vote 14 - ELECTRICITY	100	2 047	5 665	2 000	2 000	2 000	2 000	2 000	2 000	4 000	7 000
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10 238	22 032	13 517	14 703	11 724	11 724	11 724	9 115	10 782	13 856
Total Capital Expenditure - Vote		10 238	22 032	13 517	14 703	11 724	11 724	11 724	9 115	10 782	13 856

The table below provides a breakdown of budgeted capital expenditure per asset class.

**Table 9 - Capital budget per asset class**

WC051 Laingsburg - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		8 149	10 999	11 680	11 951	8 860	8 860	8 831	10 719	13 213
Roads Infrastructure		1 878	6 139	3 585	430	2 148	2 148	750	–	1 417
Roads		1 878	6 139	3 585	430	2 148	2 148	750	–	1 417
Electrical Infrastructure		100	2 047	5 665	2 000	2 000	2 000	2 000	4 000	7 000
HV Transmission Conductors		100	2 047	5 665	2 000	2 000	2 000	2 000	4 000	7 000
Water Supply Infrastructure		223	620	1 407	6 371	4 562	4 562	5 641	6 489	4 566
Reservoirs								–	–	4 496
Pump Stations								70	70	70
Distribution		223	620	1 407	6 371	4 562	4 562	5 571	6 419	–
Sanitation Infrastructure		5 948	1 006	1 022	3 150	150	150	440	230	230
Waste Water Treatment Works		5 948	1 006	1 022	3 150	150	150	160	150	150
Toilet Facilities								280	80	80
Capital Spares								–	–	–
Solid Waste Infrastructure		–	1 187	–	–	–	–	–	–	–
Landfill Sites		–	1 187	–	–	–	–	–	–	–
Community Assets		1 848	1 173	1 018	429	538	538	140	–	–
Community Facilities		–	–	637	–	–	–	–	–	–
Police		–	–	637	–	–	–	–	–	–
Sport and Recreation Facilities		1 848	1 173	381	429	538	538	140	–	–
Indoor Facilities							–	–	–	–
Outdoor Facilities		1 848	1 173	381	429	538	538	140	–	–
Capital Spares								–	–	–
Heritage assets		–	–	–	–	–	–	6	–	–
Other Heritage								6	–	–
Other assets		240	9 860	819	2 323	2 326	2 326	–	–	600
Operational Buildings		240	1 224	304	583	583	583	–	–	–
Municipal Offices		240	1 224	304	583	583	583	–	–	–
Housing		–	8 636	516	1 740	1 743	1 743	–	–	600
Social Housing		–	8 636	516	1 740	1 743	1 743	–	–	600
Computer Equipment		–	–	–	–	–	–	30	30	30
Computer Equipment								30	30	30
Furniture and Office Equipment		–	–	–	–	–	–	83	13	13
Furniture and Office Equipment								83	13	13
Machinery and Equipment		–	–	–	–	–	–	25	20	–
Machinery and Equipment								25	20	–
Total Capital Expenditure on new assets	1	10 238	22 032	13 517	14 703	11 724	11 724	9 115	10 782	13 856

For 2017/18 an amount of R 8.8 million has been appropriated for the development of infrastructure which represents 97% of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34c, SA34d provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal, operational repairs and maintenance and depreciation charges by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

Funded by:											
National Government		10 142	21 818	12 422	13 160	10 181	10 181	10 181	8 321	10 419	13 513
Provincial Government		-	-	166							
District Municipality		-	-	-							
Other transfers and grants		-	-	-							
Transfers recognised - capital	4	10 142	21 818	12 589	13 160	10 181	10 181	10 181	8 321	10 419	13 513
Public contributions & donations	5	-	-	-							
Borrowing	6	-	-	-							
Internally generated funds		96	215	928	1 543	1 543	1 543	1 543	794	363	343
Total Capital Funding	7	10 238	22 032	13 517	14 703	11 724	11 724	11 724	9 115	10 782	13 856

## Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as tabled to Council. Each table is accompanied by *explanatory notes* on the facing page.

### Table A1 - Budget Summary

WC051 Laingsburg - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	2 615	2 794	2 934	3 870	3 281	3 281	–	3 764	3 997	4 233
Service charges	13 234	13 929	15 324	16 567	16 192	16 192	–	16 972	18 024	19 088
Investment revenue	557	856	1 270	906	833	833	–	818	869	921
Transfers recognised - operational	16 628	19 794	18 084	18 429	20 806	20 806	–	17 853	19 192	19 468
Other own revenue	20 194	32 166	23 417	38 922	38 144	38 144	–	34 336	36 465	38 616
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 228</b>	<b>69 538</b>	<b>61 030</b>	<b>78 695</b>	<b>79 257</b>	<b>79 257</b>	<b>–</b>	<b>73 744</b>	<b>78 548</b>	<b>82 326</b>
Employee costs	10 181	12 930	15 198	20 664	20 543	20 543	–	22 885	24 530	26 220
Remuneration of councillors	2 201	2 220	2 408	2 619	2 619	2 619	–	2 606	2 793	2 986
Depreciation & asset impairment	7 799	7 743	7 335	8 904	9 063	9 063	–	8 114	8 617	9 126
Finance charges	473	231	162	–	–	–	–	–	–	–
Materials and bulk purchases	6 648	6 573	7 487	8 713	7 500	7 500	–	6 854	7 279	7 708
Transfers and grants	1 324	2 617	34 908	4 559	4 619	4 619	–	2 650	2 814	2 980
Other expenditure	28 947	39 626	34 539	50 139	52 780	52 780	–	44 322	46 235	49 238
<b>Total Expenditure</b>	<b>57 574</b>	<b>71 940</b>	<b>102 038</b>	<b>95 598</b>	<b>97 123</b>	<b>97 123</b>	<b>–</b>	<b>87 430</b>	<b>92 267</b>	<b>98 257</b>
<b>Surplus/(Deficit)</b>	<b>(4 346)</b>	<b>(2 402)</b>	<b>(41 008)</b>	<b>(16 903)</b>	<b>(17 867)</b>	<b>(17 867)</b>	<b>–</b>	<b>(13 687)</b>	<b>(13 719)</b>	<b>(15 931)</b>
Transfers and subsidies - capital (monetary allocated)	12 414	19 701	29 323	8 159	10 680	10 680	–	8 654	10 757	13 856
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>8 068</b>	<b>17 298</b>	<b>(11 685)</b>	<b>(8 744)</b>	<b>(7 187)</b>	<b>(7 187)</b>	<b>–</b>	<b>(5 033)</b>	<b>(2 962)</b>	<b>(2 075)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>8 068</b>	<b>17 298</b>	<b>(11 685)</b>	<b>(8 744)</b>	<b>(7 187)</b>	<b>(7 187)</b>	<b>–</b>	<b>(5 033)</b>	<b>(2 962)</b>	<b>(2 075)</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	12 259	19 915	29 781	14 703	11 724	11 724	11 724	9 115	10 782	13 856
Transfers recognised - capital	12 163	19 701	28 853	13 160	10 181	10 181	10 181	8 321	10 419	13 513
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	96	215	928	1 543	1 543	1 543	1 543	794	363	343
<b>Total sources of capital funds</b>	<b>12 259</b>	<b>19 915</b>	<b>29 781</b>	<b>14 703</b>	<b>11 724</b>	<b>11 724</b>	<b>11 724</b>	<b>9 115</b>	<b>10 782</b>	<b>13 856</b>
<b>Financial position</b>										
Total current assets	18 711	29 161	21 506	24 692	22 800	22 800	–	25 671	24 744	24 617
Total non current assets	152 413	166 668	161 951	177 418	177 418	177 418	–	178 357	180 459	185 127
Total current liabilities	7 003	13 133	14 924	5 975	5 975	5 975	–	5 131	5 250	5 553
Total non current liabilities	6 872	8 225	6 410	8 905	8 905	8 905	–	9 529	10 184	10 878
Community wealth/Equity	157 249	174 471	162 123	187 230	185 339	185 339	–	189 368	189 768	193 312
<b>Cash flows</b>										
Net cash from (used) operating	28 849	43 808	1 357	3 243	3 243	3 243	3 243	3 518	7 752	11 494
Net cash from (used) investing	(28 492)	(37 366)	(6 152)	(14 703)	(14 703)	(14 703)	(14 703)	(9 115)	(10 782)	(13 856)
Net cash from (used) financing	–	–	–	24	24	24	24	24	25	25
<b>Cash/cash equivalents at the year end</b>	<b>8 317</b>	<b>14 758</b>	<b>9 964</b>	<b>(1 472)</b>	<b>(1 472)</b>	<b>(1 472)</b>	<b>(1 472)</b>	<b>4 679</b>	<b>1 673</b>	<b>(663)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	8 317	14 758	9 964	13 721	13 721	13 721	–	15 241	12 869	11 204
Application of cash and investments	3 789	5 780	8 174	1 720	1 203	1 203	–	136	(628)	(1 220)
<b>Balance - surplus (shortfall)</b>	<b>4 528</b>	<b>8 978</b>	<b>1 790</b>	<b>12 001</b>	<b>12 519</b>	<b>12 519</b>	<b>–</b>	<b>15 104</b>	<b>13 497</b>	<b>12 424</b>
<b>Asset management</b>										
Asset register summary (WDV)	152 360	166 615	5 075	177 299	8 155	8 155	8 092	8 092	8 030	7 967
Depreciation	7 799	7 743	7 335	8 904	9 063	9 063	8 114	8 114	8 617	9 126
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	1 485	1 874	2 154	3 399	3 409	3 409	1 978	1 978	2 101	2 224
<b>Free services</b>										
Cost of Free Basic Services provided	–	1 614	1 933	1 952	1 952	1 952	3 130	3 130	3 324	3 520
Revenue cost of free services provided	5 238	4 488	4 797	5 021	5 609	5 609	5 569	5 569	5 914	6 263
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy :	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–



### Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of how the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.  
The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is supposed to be positive over the MTREF.
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognized is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
    - iii. Internally generated funds are supposed to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The municipality's cash flow should remain positive. The cash flow is **indicating that there is limited cash resources** available to fund the Capital Budget and that the municipality is dependent on borrowing and Government Grants and Subsidies to finance future capital needs
    - iv. This scenario will remain a reality unless Council embarked on a process on building cash reserves which will have a direct impact on future tariffs and taxes to be levied.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

WC051 Laingsburg - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		32 414	40 037	49 665	29 464	32 735	32 735	27 316	31 977	35 473
Executive and council		9 378	11 187	10 754	3 559	3 537	3 537	3 636	5 718	8 802
Finance and administration		23 036	28 850	38 911	25 905	29 198	29 198	23 680	26 259	26 672
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		824	1 286	987	1 008	1 023	1 023	1 113	1 161	1 228
Community and social services		780	920	971	993	995	995	1 077	1 123	1 188
Sport and recreation		1	3	4	3	16	16	24	26	27
Public safety		31	(0)	(1)	-	-	-	-	-	-
Housing		11	363	11	12	12	12	11	12	13
Health		1	1	1	0	0	0	0	0	0
<i>Economic and environmental services</i>		19 288	32 460	22 543	38 204	37 337	37 337	33 971	34 929	36 990
Planning and development		25	-	-	-	-	-	-	-	-
Road transport		19 264	32 460	22 543	38 204	37 337	37 337	33 971	34 929	36 990
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		14 392	17 070	19 088	20 567	21 231	21 231	23 127	24 561	26 010
Energy sources		9 049	9 627	11 311	11 570	11 861	11 861	12 538	13 315	14 101
Water management		1 949	2 872	2 931	3 788	3 933	3 933	4 475	4 752	5 033
Waste water management		1 749	2 432	2 626	2 759	2 944	2 944	3 323	3 529	3 738
Waste management		1 645	2 139	2 219	2 450	2 494	2 494	2 792	2 965	3 140
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	66 918	90 853	92 282	89 243	92 326	92 326	85 528	92 629	99 702
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		18 325	20 761	60 162	30 742	33 583	33 583	26 598	28 384	30 206
Executive and council		5 451	7 503	38 730	11 773	11 861	11 861	9 554	10 212	10 885
Finance and administration		12 874	13 257	21 431	18 969	21 722	21 722	17 043	18 172	19 322
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 309	2 178	2 346	3 020	3 020	3 020	1 997	2 130	2 265
Community and social services		1 081	1 167	1 213	1 305	1 305	1 305	1 243	1 328	1 414
Sport and recreation		749	754	868	1 230	1 230	1 230	529	563	598
Public safety		76	45	59	211	211	211	38	40	42
Housing		368	186	187	190	190	190	183	194	206
Health		36	26	19	85	85	85	4	4	4
<i>Economic and environmental services</i>		25 488	36 937	27 983	46 623	46 450	46 450	45 237	47 284	50 436
Planning and development		398	458	655	952	952	952	1 118	1 194	1 272
Road transport		25 090	36 478	27 328	45 672	45 499	45 499	44 119	46 090	49 163
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		12 728	13 680	13 477	17 602	16 459	16 459	16 729	17 793	18 870
Energy sources		7 050	7 339	8 036	9 495	8 352	8 352	7 778	8 261	8 748
Water management		3 032	2 286	1 760	3 496	3 496	3 496	3 635	3 874	4 117
Waste water management		1 413	2 214	2 484	2 655	2 655	2 655	3 204	3 411	3 621
Waste management		1 234	1 841	1 197	1 956	1 956	1 956	2 112	2 248	2 385
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	58 850	73 554	103 967	97 987	99 512	99 512	90 560	95 591	101 777
<b>Surplus/(Deficit) for the year</b>		8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	(5 033)	(2 962)	(2 075)

**Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenue (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.

**Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

WC051 Laingsburg - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		R thousand								
Revenue by Vote	1									
Vote 1 - MAYORAL & COUNCIL		9 378	11 187	10 754	3 559	3 537	3 537	3 636	5 718	8 802
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		4 113	11 454	24 097	2 545	2 987	2 987	1 741	2 703	1 946
Vote 4 - BUDGET & TREASURY		18 923	17 396	14 815	23 360	26 211	26 211	21 939	23 556	24 725
Vote 5 - PLANNING AND DEVEOLPMENT		25	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		781	920	972	994	995	995	1 078	1 124	1 189
Vote 7 - SPORTS AND RECREATION		1	3	4	3	16	16	24	26	27
Vote 8 - HOUSING		11	363	11	12	12	12	11	12	13
Vote 9 - PUBLIC SAFETY		18 180	29 723	21 201	37 145	36 255	36 255	32 856	34 894	36 952
Vote 10 - ROAD TRANSPORT		1 115	2 737	1 341	1 059	1 083	1 083	1 115	36	38
Vote 11 - WASTE MANAGEMENT		1 645	2 139	2 219	2 450	2 494	2 494	2 792	2 965	3 140
Vote 12 - WASTE WATER MANAGEMENT		1 749	2 432	2 626	2 759	2 944	2 944	3 323	3 529	3 738
Vote 13 - WATER		1 949	2 872	2 931	3 788	3 933	3 933	4 475	4 752	5 033
Vote 14 - ELECTRICITY		9 049	9 627	11 311	11 570	11 861	11 861	12 538	13 315	14 101
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	66 918	90 853	92 282	89 243	92 326	92 326	85 528	92 629	99 702
Expenditure by Vote to be appropriated	1									
Vote 1 - MAYORAL & COUNCIL		(413)	2 692	33 193	5 373	5 397	5 397	3 670	3 935	4 208
Vote 2 - MUNICIPAL MANAGER		585	430	424	747	812	812	828	907	990
Vote 3 - CORPORATE SERVICES		4 197	4 085	5 982	7 022	6 897	6 897	4 787	5 102	5 422
Vote 4 - BUDGET & TREASURY		5 097	5 566	10 917	5 768	8 645	8 645	5 106	5 477	5 858
Vote 5 - PLANNING AND DEVEOLPMENT		545	644	878	1 236	1 236	1 236	1 508	1 609	1 711
Vote 6 - COMMUNITY AND SOCIAL SERV		1 276	1 339	1 487	1 597	1 597	1 597	1 439	1 536	1 635
Vote 7 - SPORTS AND RECREATION		1 249	1 183	1 320	1 672	1 672	1 672	794	845	896
Vote 8 - HOUSING		472	271	253	251	251	251	255	270	286
Vote 9 - PUBLIC SAFETY		17 190	27 652	19 657	38 134	37 961	37 961	36 157	38 683	41 269
Vote 10 - ROAD TRANSPORT		10 413	11 904	12 242	12 587	12 587	12 587	12 948	12 703	13 503
Vote 11 - WASTE MANAGEMENT		1 769	2 322	1 752	2 519	2 519	2 519	2 753	2 928	3 106
Vote 12 - WASTE WATER MANAGEMENT		2 049	2 733	3 042	3 346	3 346	3 346	4 189	4 457	4 728
Vote 13 - WATER		4 493	2 881	1 768	4 388	4 388	4 388	4 820	5 132	5 449
Vote 14 - ELECTRICITY		9 926	9 852	11 052	13 347	12 204	12 204	11 307	12 008	12 717
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	58 850	73 554	103 967	97 987	99 512	99 512	90 560	95 591	101 777
Surplus/(Deficit) for the year	2	8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	(5 033)	(2 962)	(2 075)

**Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This is the level at which Council will approve the budget in terms of Sect 24(2) (c) (iii).

**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

WC051 Laingsburg - Table A4 Budgeted Financial Performance (revenue and expenditure)

WC051 Laingsburg - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	2 615	2 794	2 934	3 870	3 281	3 281	–	3 764	3 997	4 233
Service charges - electricity revenue	2	9 049	9 315	10 901	11 163	11 204	11 204	–	11 918	12 657	13 404
Service charges - water revenue	2	673	1 850	1 689	2 181	1 785	1 785	–	2 302	2 445	2 589
Service charges - sanitation revenue	2	1 750	1 364	1 372	1 661	1 661	1 661	–	1 374	1 459	1 546
Service charges - refuse revenue	2	1 644	1 319	1 249	1 489	1 490	1 490	–	1 265	1 344	1 423
Service charges - other		118	80	113	73	52	52		112	119	126
Rental of facilities and equipment		1 121	1 275	1 108	812	1 078	1 078		718	762	807
Interest earned - external investments		557	856	1 270	906	833	833		818	869	921
Interest earned - outstanding debtors		236	245	159	213	10	10		40	42	45
Dividends received		–	–	–	–	–	–		–	–	–
Fines, penalties and forfeits		17 294	28 678	20 157	36 871	36 043	36 043		32 169	34 163	36 179
Licences and permits		887	1 115	1 145	273	298	298		1 082	1 149	1 217
Agency services		120	84	142	107	107	107		123	131	138
Transfers and subsidies		16 628	19 794	18 084	18 429	20 806	20 806		17 853	19 192	19 468
Other revenue	2	536	769	706	647	609	609	–	204	217	230
Gains on disposal of PPE		–	–	–	–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)		53 228	69 538	61 030	78 695	79 257	79 257	–	73 744	78 548	82 326
Expenditure By Type											
Employee related costs	2	10 181	12 930	15 198	20 664	20 543	20 543	–	22 885	24 530	26 220
Remuneration of councillors		2 201	2 220	2 408	2 619	2 619	2 619		2 606	2 793	2 986
Debt impairment	3	12 325	19 976	14 311	25 424	25 251	25 251		26 359	28 250	30 193
Depreciation & asset impairment	2	7 799	7 743	7 335	8 904	9 063	9 063	–	8 114	8 617	9 126
Finance charges		473	231	162	–	–	–		–	–	–
Bulk purchases	2	6 648	6 573	7 487	8 713	7 500	7 500	–	6 854	7 279	7 708
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		3 003	3 210	3 287	7 765	7 765	7 765	–	3 814	4 050	4 289
Transfers and subsidies		1 324	2 617	34 908	4 559	4 619	4 619	–	2 650	2 814	2 980
Other expenditure	4, 5	13 620	16 440	16 941	16 950	19 764	19 764	–	14 150	13 934	14 756
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		57 574	71 940	102 038	95 598	97 123	97 123	–	87 430	92 267	98 257
Surplus/(Deficit)		(4 346)	(2 402)	(41 008)	(16 903)	(17 867)	(17 867)	–	(13 687)	(13 719)	(15 931)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12 414	19 701	29 323	8 159	10 680	10 680		8 654	10 757	13 856
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	–	(5 033)	(2 962)	(2 075)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	–	(5 033)	(2 962)	(2 075)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	–	(5 033)	(2 962)	(2 075)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		8 068	17 298	(11 685)	(8 744)	(7 187)	(7 187)	–	(5 033)	(2 962)	(2 075)

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue amounted to R 78.13 million for 2016/17.
2. Revenue to be generated from property rates is R 3.87 million in the 2016/17 financial year which represents 5% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes to R17.57 million for the 2016/17 financial year and reflecting 22 % of the total revenue base.
4. Transfers of operating grants recognized, includes the local government equitable share and other operating grants received from national and provincial government. This revenue only realizing after preset conditions were met. It needs to be noted that the transfers recognize fluctuates due to the nature of expenses in the provincial housing grant.
5. More detail regarding the employee related cost and the remuneration of Councilors are provided in Section 12 of this report.
6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding.
7. Bulk purchases have significantly increased due to the large increases in electricity bulk purchases levy.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified and instituted to reduce the impact of wage and bulk tariff increases in future years.

**Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

WC051 Laingsburg - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		240	1 224	304	583	583	583	583	74	43	43
Executive and council		225	347	-	-	-	-	-	-	-	-
Finance and administration		15	877	304	583	583	583	583	74	43	43
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 848	9 809	1 534	2 169	2 281	2 281	2 281	470	80	680
Community and social services		-	35	-	1 580	1 583	1 583	1 583	280	80	80
Sport and recreation		1 848	1 173	381	429	538	538	538	140	-	-
Public safety		-	-	637	-	-	-	-	50	-	-
Housing		-	8 601	516	160	160	160	160	-	-	600
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 878	6 139	3 585	430	2 148	2 148	2 148	770	20	1 417
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		1 878	6 139	3 585	430	2 148	2 148	2 148	770	20	1 417
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		6 271	4 861	8 095	11 521	6 712	6 712	6 712	7 801	10 639	11 716
Energy sources		100	2 047	5 665	2 000	2 000	2 000	2 000	2 000	4 000	7 000
Water management		223	620	1 407	6 371	4 562	4 562	4 562	5 641	6 489	4 566
Waste water management		5 948	1 006	1 022	3 150	150	150	150	160	150	150
Waste management		-	1 187	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	10 238	22 032	13 517	14 703	11 724	11 724	11 724	9 115	10 782	13 856
<b>Funded by:</b>											
National Government		10 142	21 818	12 422	13 160	10 181	10 181	10 181	8 321	10 419	13 513
Provincial Government		-	-	166	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	10 142	21 818	12 589	13 160	10 181	10 181	10 181	8 321	10 419	13 513
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		96	215	928	1 543	1 543	1 543	1 543	794	363	343
<b>Total Capital Funding</b>	7	10 238	22 032	13 517	14 703	11 724	11 724	11 724	9 115	10 782	13 856

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure will incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from own funding and government grants and transfers. As mentioned previously the funding source of new borrowings is a remaining problem and is the municipality dependent on the bank sector and there risk assessment process to raise future loans.
5. For 2017/2018, capital transfers from National and Provincial Government amounting to R8.321 million.



Table A6 -Budgeted Financial Position

WC051 Laingsburg - Table A6 Budgeted Financial Position

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS												
Current assets												
Cash			546	6 598	1 345	3 757	3 757	3 757	–	4 679	1 673	(663)
Call investment deposits	1		7 771	8 161	8 619	9 964	9 964	9 964	–	10 562	11 196	11 867
Consumer debtors	1		4 336	5 323	4 708	7 040	5 149	5 149	–	6 372	7 672	9 051
Other debtors			356	3 766	5 237	1 770	1 770	1 770	–	1 726	1 683	1 641
Current portion of long-term receivables			4	0	0	–	–	–	–	–	–	–
Inventory	2		5 698	5 313	1 597	2 160	2 160	2 160	–	2 333	2 519	2 721
Total current assets			18 711	29 161	21 506	24 692	22 800	22 800	–	25 671	24 744	24 617
Non current assets												
Long-term receivables			9	7	3	–	–	–	–	–	–	–
Investments			–	–	–	–	–	–	–	–	–	–
Investment property			4 440	4 511	4 392	7 564	7 564	7 564	–	7 564	7 564	7 564
Investment in Associate			–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3		147 576	161 435	156 873	169 263	169 263	169 263	–	170 264	172 429	177 160
Agricultural			–	–	–	–	–	–	–	–	–	–
Biological			–	–	–	–	–	–	–	–	–	–
Intangible			343	669	640	472	472	472	–	409	347	284
Other non-current assets			43	46	43	119	119	119	–	119	119	119
Total non current assets			152 413	166 668	161 951	177 418	177 418	177 418	–	178 357	180 459	185 127
TOTAL ASSETS			171 124	195 829	183 458	202 110	200 219	200 219	–	204 028	205 203	209 744
LIABILITIES												
Current liabilities												
Bank overdraft	1		–	–	–	–	–	–	–	–	–	–
Borrowing	4		–	–	–	–	–	–	–	–	–	–
Consumer deposits			396	406	437	337	337	337	–	357	377	397
Trade and other payables	4		6 322	12 310	14 085	5 245	5 245	5 245	–	4 359	4 438	4 699
Provisions			286	418	402	393	393	393	–	414	435	456
Total current liabilities			7 003	13 133	14 924	5 975	5 975	5 975	–	5 131	5 250	5 553
Non current liabilities												
Borrowing			–	–	–	–	–	–	–	–	–	–
Provisions			6 872	8 225	6 410	8 905	8 905	8 905	–	9 529	10 184	10 878
Total non current liabilities			6 872	8 225	6 410	8 905	8 905	8 905	–	9 529	10 184	10 878
TOTAL LIABILITIES			13 875	21 358	21 334	14 879	14 879	14 879	–	14 660	15 434	16 432
NET ASSETS	5		157 249	174 471	162 123	187 230	185 339	185 339	–	189 368	189 768	193 312
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			157 249	174 471	162 123	184 465	182 574	182 574	–	189 368	189 768	193 312
Reserves	4		–	–	–	2 765	2 765	2 765	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5		157 249	174 471	162 123	187 230	185 339	185 339	–	189 368	189 768	193 312

### Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of general recognized accounting practices (GRAP), and assists councilors and management to understand the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international standard which presents Assets less Liabilities as the accounted Community Wealth. The order of items within each group, illustrates its liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be transformed in cash.
- Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;

- Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table A7 - Budgeted Cash Flow Statement**

WC051 Laingsburg - Table A7 Budgeted Cash Flows

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
			2 615	2 794	2 934	3 604	3 604	3 604	3 604	3 388	3 881	4 191
			13 110	13 903	21 432	17 002	17 002	17 002	17 002	16 764	18 561	20 125
			18 806	30 503	397	13 055	13 055	13 055	13 055	8 567	9 231	9 969
		1	16 866	19 788	24 318	16 793	16 793	16 793	16 793	17 853	19 192	19 468
		1	12 394	19 707		8 159	8 159	8 159	8 159	8 321	10 419	13 513
			966	1 346	1 429	1 120	1 120	1 120	1 120	858	914	974
			-	-	-	-	-	-	-	-	-	-
Payments												
			(34 504)	(42 716)	(16 584)	(55 858)	(55 858)	(55 858)	(55 858)	(49 584)	(51 644)	(53 789)
			(206)	(225)	(164)	(4)	(4)	(4)	(4)	-	-	-
		1	(1 197)	(1 292)	(32 405)	(628)	(628)	(628)	(628)	(2 650)	(2 801)	(2 957)
NET CASH FROM/(USED) OPERATING ACTIVITIES			28 849	43 808	1 357	3 243	3 243	3 243	3 243	3 518	7 752	11 494
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
			-	-	-	-	-		-	-	-	-
			(443)	(618)	(0)	-	-		-	-	-	-
			(17 706)	(15 820)	-	-	-	-	-	-	-	-
			(119)	(8)	(0)	-	-		-	-	-	-
Payments												
			(10 223)	(20 920)	(6 152)	(14 703)	(14 703)	(14 703)	(14 703)	(9 115)	(10 782)	(13 856)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(28 492)	(37 366)	(6 152)	(14 703)	(14 703)	(14 703)	(14 703)	(9 115)	(10 782)	(13 856)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
			-	-	-	-	-		-	-	-	-
			-	-	-	-	-		-	-	-	-
			-	-	-	-	-		-	-	-	-
			-	-	-	24	24	24	24	24	25	25
Payments												
			-	-	-	-	-		-	-	-	-
			-	-	-	-	-		-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	24	24	24	24	24	25	25
NET INCREASE/ (DECREASE) IN CASH HELD			358	6 441	(4 794)	(11 436)	(11 436)	(11 436)	(11 436)	(5 573)	(3 005)	(2 337)
		2	7 960	8 317	14 758	9 964	9 964	9 964	9 964	10 252	4 679	1 673
		2	8 317	14 758	9 964	(1 472)	(1 472)	(1 472)	(1 472)	4 679	1 673	(663)

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.

**Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

WC051 Laingsburg - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	8 317	14 758	9 964	(1 472)	(1 472)	(1 472)	(1 472)	4 679	1 673	(663)
Other current investments > 90 days		–	–	0	15 193	15 193	15 193	1 472	10 562	11 196	11 867
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>8 317</b>	<b>14 758</b>	<b>9 964</b>	<b>13 721</b>	<b>13 721</b>	<b>13 721</b>	<b>–</b>	<b>15 241</b>	<b>12 869</b>	<b>11 204</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		3 040	6 358	9 678	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	(1 016)	(336)	–	(230)	–	–	–	–	–	–
Other working capital requirements	3	(1 222)	(2 830)	(1 505)	249	1 203	1 203	–	136	(628)	(1 220)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	2 988	2 589	–	1 702	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>3 789</b>	<b>5 780</b>	<b>8 174</b>	<b>1 720</b>	<b>1 203</b>	<b>1 203</b>	<b>–</b>	<b>136</b>	<b>(628)</b>	<b>(1 220)</b>
<b>Surplus(shortfall)</b>		<b>4 528</b>	<b>8 978</b>	<b>1 790</b>	<b>12 001</b>	<b>12 519</b>	<b>12 519</b>	<b>–</b>	<b>15 104</b>	<b>13 497</b>	<b>12 424</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. The low working Capital is due to a low percentage collection rate calculations including fines which should be reviewed by National treasury.

**Table A9 - Asset Management**

WC051 Laingsburg - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE OTHER ITEMS</b>										
Depreciation	7	7 799	7 743	7 335	8 904	9 063	9 063	8 114	8 617	9 126
<b>Repairs and Maintenance by Asset Class</b>	3	1 485	1 874	2 154	3 399	3 409	3 409	1 978	2 101	2 224
Roads Infrastructure		70	197	73	184	184	184	12	13	14
Storm water Infrastructure		9	-	-	13	13	13	-	-	-
Electrical Infrastructure		52	98	44	91	91	91	160	170	180
Water Supply Infrastructure		283	139	110	264	264	264	76	80	85
Sanitation Infrastructure		12	10	285	323	323	323	172	183	193
Solid Waste Infrastructure		5	8	16	40	40	40	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		430	451	527	915	915	915	420	446	472
Community Facilities		3	67	5	6	6	6	6	6	7
Sport and Recreation Facilities		-	1	1	11	11	11	3	3	3
Community Assets		3	68	6	17	17	17	8	9	10
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		2	146	36	37	37	37	17	18	19
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		2	146	36	37	37	37	17	18	19
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		414	472	513	1 023	1 023	1 023	568	603	639
Machinery and Equipment		230	246	615	723	723	723	403	428	453
Transport Assets		406	490	456	684	695	695	561	596	632
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		9 284	9 618	9 489	12 303	12 473	12 473	10 092	10 718	11 350

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality do not meet both the recommendations.
3. The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

**Table A10 - Basic Service Delivery Measurement****Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## Part 2 – Supporting Documentation

### Section 5 - Overview of the annual budget process

#### 5.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the required timetable on end of August 2015

#### 5.1 Financial Modeling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.

## Section 6 - Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Program of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal

integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the strategic objectives.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

## **Section 7 - Measurable performance objectives and indicators**

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

### **Table SA8 - Performance indicators and benchmarks**



WC051 Laingsburg - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating		n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Ex penditure	0.9%	0.8%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'ow n' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.8	2.7	2.2	2.7	3.1	3.1	–	3.3	3.0	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.8	2.7	1.9	2.1	2.5	2.5	–	2.6	2.3	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	1.2	1.1	1.9	1.9	1.9	–	1.5	1.0	(0.1)
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		67.3%	44.2%	35.0%	56.6%	46.2%	46.2%	0.0%	6.0%	6.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			67.3%	44.5%	34.8%	56.6%	46.2%	46.2%	0.0%	6.0%	6.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.0%	8.8%	13.1%	6.7%	12.1%	12.1%	0.0%	11.2%	11.1%	12.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		41.8%	22.2%	40.3%	49.1%	48.5%	48.5%	0.0%	59.9%	84.6%	-972.4%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		0	564 428	536 207	536 207	536 207		509 396	483 926	459 730
	Total Cost of Losses (Rand '000)		–	569	654	654	654		535	581	621
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)		0	106 114	95 503	95 503	95 503		85 952	84 233	82 549
	Total Cost of Losses (Rand '000)		–	318	365	365	365		362	390	420
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.3%	19.1%	18.6%	25.0%	26.8%	26.8%	0.0%	26.4%	25.4%	27.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.8%	26.1%	21.8%	26.5%	27.6%	27.6%		28.2%	25.7%	26.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.0%	2.8%	2.7%	3.5%	4.9%	4.9%		4.3%	4.1%	4.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.0%	15.5%	11.5%	14.2%	14.8%	14.8%	0.0%	11.4%	10.9%	11.4%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.3	47.6	62.1	48.7	48.7	48.7	–	51.4	51.2	54.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.4%	27.4%	45.8%	21.0%	37.2%	37.2%	0.0%	39.0%	40.4%	41.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	4.3	3.4	3.3	3.0	3.0	–	1.3	1.0	(0.1)

## **Section 8 - Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following policies were reviewed.

### **8.1 Review of credit control, debt collection and indigent procedures/policies**

### **8.2 Asset Management, Funding and Reserve Policy**

### **8.3 Long term financial Policy**

### **8.4 Supply Chain Management Policy**

### **8.5 Budget Policy**

### **8.6 Banking Cash Management and Investment Policy**

### **8.7 Tariff and Rates Policies**

### **8.8 Borrowing Policy**

## **Section 9 - Overview of budget assumptions**

### **9.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

### **9.2 General inflation outlook and its impact on the municipal activities**

- National Treasury direction or guidelines on budget increases that must be in line with the macro economic strategy of 6.6%.
- Inflation is slightly above the 6% and current figures are at 6,6%.
- Interest rates are yielding currently which impacts on the prices as a whole.
- Eskom electricity tariff approval from NERSA will not only have direct impact on the sale and procurement of electricity but to price hikes in general.
- Apart from the normal salary increments, Medical Aid Employers contributions increments will be between 10 and 15%. This places a heavier financial burden on the revenue sources and impacts on the tariff calculation as a whole.
- General increases in purchasing or cost price of normal items increase on average between 8-10% as in relation to the same period last year.
- Repair and Maintenance Costs together with labour costs of repairing municipal assets also fall victim of the huge price hikes which needs to be taken into consideration.

### **9.3 Interest rates for borrowing and investment of funds**

The municipality did not make provision for borrowings in its budget.

### **9.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The projected collection rate is therefore 95% on service charges and property rates,

#### **2.5.6 Growth or decline in tax base of the municipality**

The growth in terms of tax base will increase, however the increases is mainly with indigent households and therefore no correlating revenue increase is noted, on the contrary revenue increase with less than the tariff increase.

### **9.5 Salary increases**

Refer to paragraph 9.2

### **9.6 Impact of National, provincial and local policies**

The following is taken into account, however no strong link between the policies and the municipal spending priorities:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

### **9.7 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital program for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

### **9.8 General Costs**

- Fiscal discipline needs to be adhered to by all.
- Fuel increases not to be properly provided for.
- Telephone Charges better internal control methods need to be enforced.
- Limitation or strict control over the increment of other line items will have to be carried out.
- General price increases will also contribute to links in general costs.
- Subsistence and Travel must only be undertaken when enough funds are available on the budget.

## 9.9 Summary table

VARIABLE GENERAL ASSUMPTIONS FOR THE BUDGET PERIOD	
BUDGET YEAR	2017
<b>CPIX % FOR BUDGET YEAR</b>	<b>6.4</b>
CPIX % FOR BUDGET YEAR +1	5.7
CPIX % FOR BUDGET YEAR +2	5.6
Eskom: Bulk purchase (kWh) Town area	6 100 000
Eskom Notified max demand (kVA) Town area	1 415
Eskom Notified max demand (kVA) Bergsig	384
Eskom Bulk purchase increase from 1 July	2.3
Eskom Bulk purchase increase from 1 Jan	0
NER increase allowed for Municipality	3.3
Growth rate for electricity sales	1
Growth rate for prepaid electricity sales	2
Growth rate for prepaid water sales	1
Actual statistics posted for the assumptions - months	8
Actual expenditure posted for the assumptions - months	8
Salary increase as per SALGA agreement budget year	7.4
Salary increase as per SALGA agreement budget year +1	6.7
Salary increase as per SALGA agreement budget year +2	6.6
UIF Rate	0.01
Minimum wage	0
Workmen's Compensation Rate	.01196

## Section 10 - Overview of budget funding

### 10.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Correct and accurate tariffs are imperative in the compilation of a credible and funded budget. The Municipality derives most of its actual operational revenue from the delivery of goods and services such as water, electricity, sanitation and solid waste removal. Apart from the services, other revenue i.e., fines, operating grants, building plan fees, licenses and permits, fines etc. are applicable. The rates and taxes will then be the shortfall in revenue, after all the revenue resources have been determined, and will reflect the balancing number.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

- Property rates - 6.6%
- Electricity - According to NERSA
- Water - 6.6%
- Refuse Removal - 6.7%
- Sewerage - 6.6%

The tables below provide detail investment information and investment particulars by maturity.

#### Table SA15 – Detail Investment Information

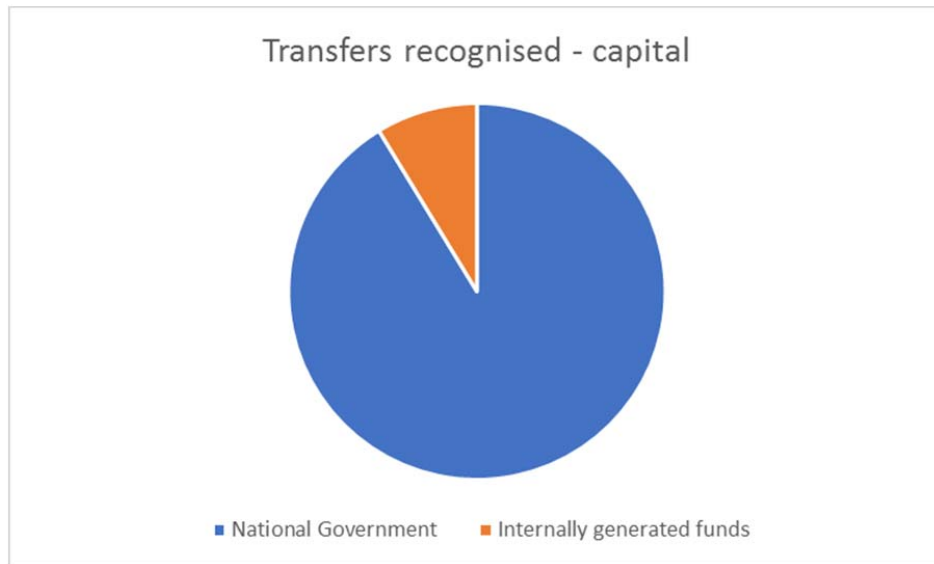
Not Applicable

#### Table SA16 – Investment particulars by maturity

Not Applicable

## 10.2 Medium-term outlook: capital revenue

The funding composition of the 2017/18 is graphically represented as follows:



**Figure 6 - Sources of capital revenue for the 2016/17 financial year**

Capital grants and receipts equates to 91% of the total funding source which represents R8.321 million for the 2017/18 financial year.

**Table SA29 - Budgeted monthly capital expenditure (standard classification)**

WC051 Laingsburg - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		11	3	15	-	20	5	-	10	10	-	-	-	74	43	43
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		11	3	15	-	20	5	-	10	10	-	-	-	74	43	43
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	200	85	115	-	-	35	35	-	-	-	-	470	80	680
Community and social services		-	200	-	80	-	-	-	-	-	-	-	-	280	80	80
Sport and recreation		-	-	35	35	-	-	35	35	-	-	-	-	140	-	-
Public safety		-	-	50	-	-	-	-	-	-	-	-	-	50	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	600
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		100	160	150	100	100	150	-	-	10	-	-	-	770	20	1 417
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		100	160	150	100	100	150	-	-	10	-	-	-	770	20	1 417
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	2 500	1 500	1 500	500	-	500	1 071	160	70	-	7 801	10 639	11 716
Energy sources		-	-	500	500	500	500	-	-	-	-	-	-	2 000	4 000	7 000
Water management		-	-	2 000	1 000	1 000	-	-	500	1 071	-	70	-	5 641	6 489	4 566
Waste water management		-	-	-	-	-	-	-	-	-	160	-	-	160	150	150
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	111	363	2 750	1 715	1 620	655	35	545	1 091	160	70	-	9 115	10 782	13 856
<b>Funded by:</b>																
National Government		100	150	2 650	1 600	1 600	650	-	500	1 071	-	-	-	8 321	10 419	13 513
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		100	150	2 650	1 600	1 600	650	-	500	1 071	-	-	-	8 321	10 419	13 513
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		11	213	100	115	20	5	35	45	20	160	70	-	794	363	343
<b>Total Capital Funding</b>		111	363	2 750	1 715	1 620	655	35	545	1 091	160	70	-	9 115	10 782	13 856



## Section 13 - Contracts having future budgetary implications

Not applicable

## Section 14 - Capital expenditure details

The following tables present details of the Municipality's capital expenditure program.

Program/Project description	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
STOFSUIER	2	2	2	All	New
URN	1	1	1	All	New
KANTOORMEUBELS	20	10	10	All	New
BRANDBLUSSERS - THUSONG	5	–	–	All	New
LUGREELING - THUSONG	10	–	–	All	New
GEDENKSTEEN - VLOEDSLAGOFFERS	6	–	–	All	New
FINANSIES: REKENAARS	30	30	30	All	New
VIP TOILETTE	80	80	80	All	New
PUBLIEKE TOILETTE	200	–	–	All	New
SPEELPARK: ACACIA PARK	70	–	–	All	New
SPEELPARK: NUWE DORP	70	–	–	All	New
LUGREELING	50	–	–	All	New
GEREEDSKAP	20	20	–	All	New
RIOOLPOMP	160	150	150	All	New
WATERPOMP	70	70	70	All	New
HOOF WATERPYPLYN - SOUTKLOOF	5 571	6 419	–	All	New
PLAVEI VAN STRATE	500	–	500	All	New
PLAVEI VAN HUGO STRAAT	250	–	–	All	New
GOLDNERVILLE NEW ACCESS ROAD	–	–	917	All	New
NEW 2ML RESERVOIR LAINGSBURG	–	–	4 496	All	New
100 ERWE FOR GAP HOUSING	–	–	600	All	New
I N E PROGRAMME	2 000	4 000	7 000	All	New
	9 115	10 782	13 856		

**SA32 – List of external mechanisms**

The Municipality have none therefore the table is not included

**Section 15 - Municipal manager's quality certificate**

I, Mr. S Pieterse, Acting Municipal Manager of Laingsburg Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Acting Municipal Manager of Laingsburg Municipality (WC051)

Signature \_\_\_\_\_

Date \_\_\_\_\_